RAJYA SABHA

Tuesday, the 26th November, 2002/5 Agrahayana, 1924 (Saka)

The House met at eleven of the clock,
MR. CHAIRMAN in the Chair.

MEMBERS SWORN

Shri Harish Chandra Singh (Uttaranchal)
Shri Gandhi Azad (Uttar Pradesh)
Shri Abu Asim Azmi (Uttar Pradesh)
Dr. Akhilesh Das (Uttar Pradesh)
Shri Mukhtar Abbas Naqvi (Uttar Pradesh)
Shri Shahid Siddiqui (Uttar Pradesh)
Shri Amar Singh (Uttar Pradesh)
Shri Isam Singh (Uttar Pradesh)
Shri Rajnath Singh (Uttar Pradesh)
Shri Udai Pratap Singh (Uttar Pradesh)
Shri Veer Singh (Uttar Pradesh)

WELCOME TO NEW MEMBERS

MR. CHAIRMAN: Hon. Members, I congratulate all the newly-elected and re-elected Members and extend to them a warm welcome on behalf of this House and on my own behalf. We look forward to their valuable contribution in promoting and enhancing the dignity and traditions of this august House.

I wish them every success.

ORAL ANSWERS TO QUESTIONS

*101. [*The questioner (Shri Karnendu Bhattacharjee) was absent. For answer vide page 22.*]

Review of LNG projects

*102. SHRI ASHWANI KUMAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) what would be the impact of the gas discovered by the Reliance/ NIKO consortium on the viability of the LNG projects currently under finalisation and whether Government propose to review the LNG projects in view of the new found gas resources; and

(b) how much time would be required for commercializing the natural gas discoveries in Vizag and Surat?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): (a) to (b) A statement is laid on the Table of the House.

Statement

(a) As per the Hydrocarbon Vision 2025 the demand of Natural Gas is estimated to be 231 million standard cubic meters per day (MMSCMD) in 2006-07. The current supply is only around 65 MMSCMD.The major gas discovery by the consortium of Reliance Industries Ltd., and Niko Resources Ltd., Canada in the KG—DWN-98/3 block in Krishna-Godavari off-shore basin on the East Coast is expected to produce 25-35 MMSCMD of gas as per the estimates of the consortium. The expected production by Niko Resources Ltd., from the discovery near Surat on land block-CB-ONN-2000/2 in Gujarat has not been firmed up. Despite the additionality in gas supply there will remain a large gap between demand and supply. This may be met by import of (a) gas through pipeline and (b) Liquefied Natural Gas (L.N.G.). However, LNG is under Open General Licence (OGL) list and the import initiatives will be propelled by commercial viability of the respective project.

(b) Development plans and schedule of commercial production in respect of these discoveries have not been firmed up by the concerned companies.

SHRI ASHWANI KUMAR: Sir, my question was very specific—What is going to be the impact of the gas discovery on the current LNG Projects on the way? Now, the answer, that has been given by the hon. Minister, says that there is still a large gap between the demand and the supply, and that this is required to be bridged either by import of gas through pipeline or through LNG projects. Now, as per the answer, since the LNG is under the OGL, the viability of the project would depend upon the commercial feasibility. My specific question was: Are the current LNG projects, in view of the gas discovery, going to be continuously viable or

not? So, Sir, the specific answer has not come to my specific question. Then, as far as answer to the second question, regarding the commercial production of the gas discoveries, is concerned, the answer has been given that the companies have not firmed it up. I would like to know from the hon. Minister whether the Director-General of Hydrocarbons is under a duty to ensure that they are implementable. The question is, what is, at least, the anticipatory time frame for specific programme for the development and commercialisation of the gas?

SHRI RAM NAIK: Sir, I have given the required information, but I would certainly like to supplement the information. Even before supplementing the information, I would like to take an opportunity to inform the House that under the new exploration licensing policy, through which these two discoveries have taken place, the first discovery of Reliance has been under the first round of the block, awarded under the new Exploration Licensing Policy. The second, at Surat, under the NICO, has been under the second round of the exploration block. So, I would say that the new policy that has been taken up has started yielding good results. Only yesterday, the third round has been finalised. We have finalised 23 blocks. And, with this, in the last three years, we have given 70 blocks for exploration. We have now given 23 blocks also. With that, in regard to the specific point on which the hon. Member has put a question, I have already said that the Hydrocarbon Vision—2025, a policy document of the Government, indicates that by the year 2006—I am taking up the period of Five Year Plan also—231 million MMSCMD will be the estimated demand. Against that, the present supply position is just 65 million MMSCMD. So, there is a gap of nearly 166 million MMSCMD. With this discovery also, a wide gap is still continuing. That is why the remaining gap can be filled by more discoveries which will come in future in our country, and also through the pipelines from the other countries that we are presently working out. However, no final decision has been taken in this regard. A decision has been taken in regard to the import of LNG. We have entered into a contract with Qatar, and will be getting that LNG gas by the end of next year. As I have been saying that the gas is the energy of the 21st Century, more and more gas is required. And, this gap is being bridged by present two discoveries. The discovery of gas by the Reliance had been declared onjly on 29th October, 2002. After they inform the Director-General of Hydrocarbons, the Committee starts the plan that has

been finalised by accepting the bid, that will be done. So far as the discovery at Surat is concerned, which is on land block, it had been discovered only in the first week of November. It will take some time. So far, they have drilled only one well. They will drill some more wells. Only then, they would be in a position to say how much gas would be available. Once that is anticipated, only then other things can follow.

SHRI ASHWANI KUMAR: Sir, about the supply of gas through the pipeline, we all know that for the last many years we have been discussing the possibility of supply of gas through Iran, Iraq and Pakistan. A whole lot of security considerations are involved. So, a reasonable guess is, that this source is not going to be available to us in the current scenario. In that case, our alternative resource could be the LNG import. There is a huge amount of uncertainty that is surrounding the other projects. The hon. Minister has mentioned about the Petronas and Qatar Gas. That is only for the Dahej project. But there is the Kochi Project, there is the Pipava Project, there is the Kakinada Project. I would like the Minister to please take the House into confidence and specifically tell us whether the other LNG projects are going to be underway or not.

SHRI RAM NAIK: The hon. Member has mentioned about the Kochi Project. That is again the Petronas. It will come; and, as planned, the preliminary work is going on. The second one, that the hon. Member referred to, was the Pipava Project. It is under the private sector. And, that also is going on, as they had scheduled. So far as the third one is concerned, the actual work has not started. That too is under the private sector. They are trying their best. But unless they firm up, it will be very difficult for me to say something whether the private company is going to do or not. But permissions have been given, and they have declared that they would like to have those projects.

SHRI DIPANKAR MUKHERJEE: Sir, this is regarding the regional gas availability *vis-a-vis* regional imbalance. As the hon. Minister is aware, the States like Bihar—Mr. Lalu Prasad Yadav is sitting here—, West Bengal, Jharkhand, Orissa, do not have any gas availability. The gas discovery has been hit again in the Western and the Southern Zone. We are happy about it. The Eastern Zone still remains without any gas. Will the Government seriously consider to select the Eastern coast areas for LNG terminals? Right now, the LNG terminals are proposed to be in the Southern and Western Zone. Will the Eastern Zone, which does not have any gas

resource, be given a priority, for regional balance, so that the LNG availability is, at least, ensured to this gas-starved State?

SHRI RAM NAIK: Sir, the latest discovery is in the Krishna-Godavari Basin. That is on the Eastern coast of India. That would, probably, be sufficient to take care of Andhra Pradesh, Orissa, and even Bihar and West Bengal, but, more than that, we have also launched coal-bed methane exploration. (*Interruptions*)

MR. CHAIRMAN: Let him speak first. (*Interruptions*)

SHRI RAM NAIK: Sir, whether it is the LNG or it is the pipeline gas or it is the coal-bed methane gas, they are different types of gases used for the same purpose. So, whether it is the LNG or the CBM, it does not make any difference, so far as the end use is concerned. And, for that I was just trying to say that in Jharkhand and West Bengal, we have already given four blocks for CBM exploration. Again, in Madhya Pradesh, Bihar, Jharkhand and West Bengal, where coal deposits are there, we are offering the second round of CBM exploration, and also the fourth round of NELP in the first week of April. That is how we are going to give more and more gas to the country. There also, in the first week of April, we are offering the second round of CBM, and also the fourth round of NELP. That is how we are going to make more and more gas available in the country.

SHRI J. CHITHARANJAN: Mr. Chairman, Sir, the hon. Minister, while replying to a supplementary, said that the LNG Project in Kochi would be completed as per schedule. But, every day, reports appearing in the newspapers create apprehensions in our minds about this project, whether it will be carried on or not. What is the correct position?

SHRI RAM NAIK: Many a time, newspaper reports seem to be interesting, but, sometimes, they create confusion also. Now, let me be very categorical about the Kochi Project. It is a 25 MMT project, for which all aspects, like design and other things, are being worked out. It is expected to be completed by 2005. The initial phase is going on as per schedule.

MR. CHAIRMAN: Question No. 103.

DR. ALLADI P. RAJKUMAR: Mr. Chairman, Sir, I want to make a sincere appeal to you. Since this question pertains to Andhra Pradesh, please do allow a Member from Andhra Pradesh to put a supplementary.

MR. CHAIRMAN: No, it is not a question of Andhra Pradesh or Vishakhapatnam.

DR. ALLADI P. RAJKUMAR: Sir, I humbly request you to permit a Member from Andhra Pradesh to put a supplementary.

MR. CHAIRMAN: Okay.

SHRI C. RAMACHANDRAIAH: Mr. Chairman, Sir, in the reply, the hon. Minister has admitted that there is a wide gap between demand and supply in this country. It is further stated that this may be met by import of gas through pipeline. It is not possible, in the near future, as my hon. friend has just said. But Liquefied Natural Gas is imported by converting gas into liquid, transporting it by a special vehicle, and, again, gasifying it. After doing all this, it is commercialised. The present rate of imported LNG is $4-5 per MMBPU.The GAIL is supplying it at $1.5 per MMBPU. So, it has wide ramifications.

MR. CHAIRMAN: Please put the question.

SHRI C. RAMACHANDRAIAH: Sir, I am coming to that. It is a very important question. I would like to seek a commitment from the hon. Minister. It is stated in the reply, "However LNG, under Open General Licence list and the import initiatives will be propelled by the commercial viability of the respective project."

MR. CHAIRMAN: Please don't make a speech. Put the question.

SHRI C. RAMACHANDRAIAH: Sir, I am coming to the question. Unless I say two three sentences about it, I cannot put the question. Sir, 70 per cent of the available gas is used for fertiliser production and power generation purposes. The farmer is the main consumer. In the reply, it is stated that 'import initiatives will be propelled by commercial viability'. If it is consumed for purposes other than power generation and fertilizer production, then it is okay. The market forces of demand and supply will operate. Does the hon. Minister want to indicate this august House that he proposes to increase the price of natural gas which is being used by the State Electricity Board, power generation centres and fertilizer factories.

SHRI RAM NAIK: Sir, everything is required to be paid. Depending on the cost of import, the cost of LNG is decided. It will have to be paid by those who want to have it. So, ultimately, be it CBM or LNG or piped gas or any other gas, it will have to be paid, under NELP, and the producer would have the liberty to charge the market price. These prices will be commercial prices, and would be determined by the market forces.

SHRI C. RAMACHANDRAIAH: Mr. Chairman, Sir, I am asking about the indigenous production.

MR. CHAIRMAN: No, no, I have not permitted you to speak further. ...*(Interruptions)*

**103. [The Questioner (Shri Balkavi Bairagi) was absent. For answer vide page 22.]*

वित्तीय संस्थानों द्वारा अतिरिक्त क्षेत्रों के लिए प्राथमिकता क्षेत्र ऋण

*104. **श्री राजीव रंजन सिंह ''ललन'':** †

श्री कपिल सिब्बल:

क्या वित्त और कंपनी कार्य मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या सरकार वित्तीय संस्थाओं द्वारा ऋण दिए जाने के लिए अन्य अतिरिक्त क्षेत्रों की प्राथमिकता क्षेत्र में शामिल करने पर विचार कर रही है;

(ख) यदि हां, तो इन क्षेत्रों का ब्यौरा क्या है;

(ग) क्या इस प्रस्ताव के साथ-साथ प्राथमिकता क्षेत्र को दिए जाने वाले 40 प्रतिशत ऋण के प्रावधान की प्रतिशतता को बढ़ाने के प्रस्ताव पर भी विचार किया जा रहा है; और

(घ) यदि हां, तो तत्संबंधी ब्यौरा क्या है?

वित्त और कंपनी कार्य मंत्री (श्री जसवंत सिंह): (क) से (घ) वित्तीय संस्थाएं बड़ी परियोजनाओं को सावधि ऋण प्रदान करती हैं। प्राथमिकता क्षेत्र को उधार देने के लिए उनके पास कोई मानदंड नहीं है। प्राथमिकता क्षेत्र को उधार बैंकों द्वारा प्रदान किया जाता है।

Priority sector lending for additional areas by FIs

††*104. SHRI RAJIV RANJAN SINGH 'LALAN':†††
SHRI KAPIL SIBAL:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are considering to include other additional areas in the priority sector for lending by financial institutions;

(b) if so, the details of these sectors;

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† सभा में यह प्रश्न श्री राजीव रंजन सिंह 'ललन' द्वारा पूछा गया।

†† Original notice of the question was received in Hindi.

††† The question was actually asked on the floor of the House by Shri Rajiv Ranjan Singh 'Lalan'.